

AR20



STANDARD TRUST COMPANY

Annual Report 1967



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STANDARD TRUST COMPANY

A FEDERALLY CHARTERED COMPANY

OFFICERS

Chairman of the Board

The Hon. George A. Drew, P.C., Q.C., C.C., LL.D.

President

The Hon. Daniel A. Lang, Q.C.

Vice-President

Bertram E. Willoughby

Secretary

The Hon. Harry A. Willis, Q.C.

Treasurer

Gordon R. Ball

Manager

J.O. Purtelle

DIRECTORS

Marie Wilson, Q.C.

James W. McCutcheon

Sylvanus Apps, M.P.P.

J. Barry O'Brien

The Hon. Louis P. Beaubien

George Rodanz

Wilbur C. Cochrane

Edward S. Rogers

The Hon. George A. Drew

Wesley G. Thompson

P.C., Q.C., C.C., LL.D.

Johnstone A. Weber

Donald H. Koyl

The Hon. Harry A. Willis, Q.C.

The Hon. Daniel A. Lang, Q.C.

Bertram E. Willoughby

Paid up capital - - \$1,000,000

Paid in surplus - - \$ 100,000

Head Office

112 King Street West
Toronto, Ontario
Telephone 363-5477



PRESIDENT'S REPORT

To the Shareholders:

In the first complete year of your Company's operations net earnings after taxes were \$20,802 compared with six months' earnings in the last half of 1966 of \$2,288.

During the year effort was expended in reviewing and pursuing active negotiations with several trust companies with a view to acquisition or merger. However, mutually acceptable terms could not be developed and negotiations were dropped. Concurrently your Company continued to prepare for branch operations. The Armouries building in Picton, Ontario, was purchased and negotiations progress with architects and contractors for reconstruction to house a branch in that town and for lease to other commercial enterprises.

An experienced trust company manager has been employed and is at the moment located at the Toronto head office.

Shareholders will note the increase in assets in the Estates, Trusts and Agencies section. Long term future should be built in this area and we are optimistic about its development.

As mentioned in the nine month report to shareholders, the current unsettled condition in the interest rate structure is of continuing concern, and a slow approach in the guaranteed funds section seems to remain justified. Fortunately your Company is still in a position to lessen the adverse effect on its investment portfolio of this same condition, but continuation of an inflationary environment necessitates a high degree of liquidity.

It will continue to be your Company's policy to set forth, as in this report to shareholders, greater detail consistent rather with developing practices than with the standards dictated by statutory requirements today. This report also reflects that, during the year, reserves of \$38,120 were created to place a realistic appraisal on your Company's assets.

Appreciation on behalf of the shareholders and myself is tendered to our employees for their dedication and co-operation during the year.

Toronto, Canada
February 8, 1968.

DANIEL A. LANG
President



STANDARD TRUST COMPANY

STATEMENT OF EARNINGS Year ended December 31, 1967 *with comparative figures for 1966 (note 3)*

	1967	1966 (6 months)
Revenue:		
Income from bonds, stocks and short-term notes	\$ 80,126	29,087
Interest on mortgages	6,056	---
Other	1,104	---
	<u>\$ 87,286</u>	<u>29,087</u>
Expenses:		
Interest on trust deposits and guaranteed investment certificates	18,100	2,334
Staff salaries and benefits	7,119	5,907
Professional fees	5,106	10,796
Rent	2,846	1,000
Insurance, taxes and registration fees	2,870	227
Other operating expenses	9,734	3,767
Depreciation	2,148	1,768
Incorporation expenses written off	8,441	---
Transfer to reserve for mortgages (note 2)	620	---
	<u>\$ 56,984</u>	<u>25,799</u>
Net earnings before taxes on income	30,302	3,288
Taxes on Income	<u>9,500</u>	<u>1,000</u>
Net earnings for the period transferred to undivided profits	<u>\$ 20,802</u>	<u>2,288</u>

STATEMENT OF UNDIVIDED PROFITS Year ended December 31, 1967 *with comparative figures for 1966 (note 3)*

	1967	1966 (6 months)
Balance at beginning of year	\$ 4,654	---
Net earnings for period	20,802	2,288
Net gain on realization of investments	<u>33,096</u>	<u>2,366</u>
	<u>58,552</u>	<u>4,654</u>
Deduct transfer to investment reserve (not permitted as a deduction in determining taxable income) (note 1)	<u>37,500</u>	<u>---</u>
Balance at end of year	<u>\$ 21,052</u>	<u>4,654</u>

See accompanying notes to financial statements.



STANDARD TRUST COMPANY

BALANCE SHEET December 31, 1967

with comparative figures for 1966

Assets

CAPITAL ACCOUNT

	1967	1966
Cash	\$ 28,308	17,392
Securities, including accrued interest, less reserve indicated (note 1):		
Government of Canada and Provincial bonds	\$ 158,761	
Corporate bonds (after deducting investment reserve of \$34,375)	710,027	
Stocks	<u>92,500</u>	961,288
Mortgages, less reserve of \$520 (note 2)	103,404	---
Prepaid expenses	491	978
Land, building and equipment:		
Land	4,075	
Building and equipment less amounts written off	<u>30,779</u>	34,854
Incorporation expenses, less amounts written off	<u>8,440</u>	<u>15,481</u>
	<u>\$ 1,136,785</u>	<u>\$ 1,107,421</u>

GUARANTEED TRUST ACCOUNT

Cash	\$ 5,659	16,018
Securities, including accrued interest, less reserve indicated (note 1):		
Government of Canada bonds	\$ 25,004	
Corporate bonds (after deducting investment reserve of \$3,125)	32,427	
Short-term notes	<u>249,800</u>	307,231
Mortgage, less reserve of \$100 (note 2)	<u>19,815</u>	<u>---</u>
	<u>\$ 332,705</u>	<u>\$ 326,851</u>

ESTATES, TRUSTS AND AGENCIES

Total assets under administration	\$ 148,282	---
	<u>\$ 1,617,772</u>	<u>\$ 1,434,272</u>

See accompanying notes to financial statements.

We certify that, to the best of our knowledge and belief, the above statement is correct and shows truly and clearly the financial condition of the Standard Trust Company.

Gordon R. Ball

Treasurer

James W. McCutcheon

Director

Edward S. Rogers

Director

Accrued expenses
Income taxes payable

Shareholders' equity:

Capital stock:

Authorized 500,000 shares
of \$10 each

Issued and fully paid 100,000
Contributed surplus - premium
shares

Undivided profits

Guaranteed trust accounts, includ-
Trust deposits
Guaranteed investment certific-

Liability to estates, trusts and age-

Liabilities

	1967	1966
	\$ 7,010	1,797
	<u>8,723</u>	<u>970</u>
	<u><u>15,733</u></u>	<u><u>2,767</u></u>
Value of shares at market value	<u><u>\$ 5,000,000</u></u>	
Value of shares held in trust	\$ 1,000,000	1,000,000
	100,000	100,000
	<u>21,052</u>	<u>4,654</u>
	<u><u>1,121,052</u></u>	<u><u>1,104,654</u></u>
Accrued interest:	<u><u>\$ 1,136,785</u></u>	<u><u>1,107,421</u></u>
	<u><u>\$ 8,454</u></u>	<u><u>115,407</u></u>
	<u><u>324,251</u></u>	<u><u>211,444</u></u>
	<u><u>\$ 332,705</u></u>	<u><u>326,851</u></u>
	<u><u>\$ 148,282</u></u>	<u><u>---</u></u>
	<u><u>\$ 1,617,772</u></u>	<u><u>1,434,272</u></u>

of the company's affairs.

AUDITORS' REPORT

To the Shareholders,
Standard Trust Company.

We have examined the balance sheet of the Standard Trust Company as at December 31, 1967, and the statements of earnings, undivided profits and source and application of Capital Account funds for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

The assets held for Guaranteed Trust Account and for Estates, Trusts and Agencies are kept separate from the company's own assets and are so recorded on the books of the company as to show the accounts to which they belong.

In our opinion, the above financial statements are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at December 31, 1967 and the results of its operations and the source and application of its Capital Account funds for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the Company.

PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants

Toronto, Ontario
January 19, 1968



STANDARD TRUST COMPANY

STATEMENT OF SOURCE AND APPLICATION OF FUNDS Year ended December 31, 1967

with comparative figures for 1966 (note 3)

CAPITAL ACCOUNT

	<u>1967</u>	<u>1966</u> (6 months)
Funds provided:		
From operations:		
Net profit for the period	\$ 20,802	\$ 2,288
Add charges not requiring cash outlay:		
Incorporation expenses written off	8,441	---
Depreciation	2,148	1,768
Transfer to reserve for mortgages (capital account portion)	520	---
Total funds provided from operations	<u>31,911</u>	<u>4,056</u>
Issue of capital stock	---	1,100,000
Net gain on realization of investments	33,096	2,366
Other	<u>487</u>	---
	<u>65,494</u>	<u>1,106,422</u>
Funds used:		
Increased (reduced) investment in:		
Securities, other than mortgages	(72,514)	1,068,177
Mortgages	103,924	---
Land, building and equipment	31,609	7,161
Investment reserve - guaranteed trust account	3,125	---
Incorporation expenses	1,400	15,481
Other	<u>---</u>	<u>978</u>
	<u>67,544</u>	<u>1,091,797</u>
Excess (deficiency) of funds provided over funds used	<u>\$ (2,050)</u>	<u>14,625</u>
Represented by:		
Cash	<u>\$ 28,308</u>	<u>\$ 17,392</u>
Less:		
Accrued expenses	7,010	1,797
Income taxes payable	<u>8,723</u>	<u>970</u>
	<u>15,733</u>	<u>2,767</u>
	<u>\$ 12,575</u>	<u>\$ 14,625</u>
Decrease in the year ended December 31, 1967	<u>\$ 2,050</u>	

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS December 31, 1967

1. Government of Canada and Provincial bonds are stated at not in excess of amortized cost. Other securities, after applying the investment reserve, are stated at not in excess of quoted market values. Such investment reserve, aggregating \$37,500, has been applied as follows:

Capital Account	\$ 34,375
Guaranteed Trust Account	<u>3,125</u>
	<u><u>\$ 37,500</u></u>

2. The amount of \$620 transferred to reserve for mortgages is the maximum allowable under the Income Tax Act (Canada) and relates to mortgages as follows:

Capital Account	\$ 520
Guaranteed Trust Account	<u>100</u>
	<u><u>\$ 620</u></u>

3. The company commenced operations in July, 1966. Accordingly, comparative 1966 amounts shown in the statement of earnings relate to a six-month period.



